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12

13 **UNITED STATES DISTRICT COURT**
14 **FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

15 DR SYSTEMS, INC., a California
Corporation,

16 Plaintiff,

17 v.

18 EASTMAN KODAK COMPANY, a New
19 Jersey Corporation

20 Defendant.

21 EASTMAN KODAK COMPANY,

22 Counterclaimant,

23 v.

24 DR SYSTEMS, INC.,

25 Counterclaim Defendant.
26
27
28

Case No.: 08 CV 00669 H (BLM)

*****REDACTED*****

[NON-CONFIDENTIAL VERSION]

**DR SYSTEMS, INC.'S REPLY
MEMORANDUM IN SUPPORT OF
ITS MOTION TO COMPEL
SUPPLEMENTAL DISCOVERY
RESPONSES FROM EASTMAN
KODAK COMPANY**

1 DR Systems is convinced, now more than ever, that Kodak will continue to stonewall DR
2 Systems in its attempt to obtain legitimate discovery in this case without the Court's intervention.
3 Most troubling is Kodak's refusal to give clear cut answers to which of the 55 categories in DR
4 Systems' requests Kodak has concluded that documents were either 1) destroyed or 2) were
5 transferred to Carestream. Although Kodak's Opposition states that documents responsive to certain
6 categories "have already been produced," while documents for other categories either "do not exist
7 or are no longer within Kodak's possession, custody or control;" (Kodak Opp. at p. 1) Kodak's
8 general attorney argument is insufficient. Since Kodak's attorneys have already represented to the
9 Court the general results of their document investigation, collection and production, DR Systems'
10 motion merely requests that Kodak's formal Responses to DR Systems' Requests for Documents
11 and Things be supplemented to reflect those results on a topic by topic basis.¹ Kodak makes much
12 of DR Systems' filing of the present motion to compel after receiving assurances from Kodak that
13 documents were "in transit" and "being searched for" while completely ignoring the fact that
14 responsive documents are overdue.²

15 DR Systems' request for detailed supplemental written responses by topic, if granted and
16 complied with by Kodak, would most likely resolve the remaining issues before the Court. DR
17 Systems is fully aware that it cannot ask Kodak to produce documents that no longer exist.
18 However, DR Systems believes it is entitled to know Kodak's position on existing documents in
19 order to develop its laches and patent invalidity defenses. Skeptical as DR Systems may be as to the
20 incomplete patent files of Eastman Kodak Company's Patent Department (who are assignees of
21 record of thousands of patents) or the absence of any documents and/or information retained
22 regarding the medical imaging business it sold to Carestream just over a year ago; DR Systems is
23 confident that representations made by Kodak before this Court regarding documents that "do not
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26 ¹ Prior to the filing of its motion, DR Systems reiterated the position that while it appreciated Kodak's
27 counsel's statements during the meet and confer teleconferences regarding Kodak's production,
supplementation by Kodak the company was requested.

28 ² Kodak also mentions DR Systems' request for documents related to Kodak PhotoCD product line which
were produced prior to the filing of DR Systems' motion. Importantly, DR Systems did not move to compel
the production of the Kodak PhotoCD documents.

1 exist or are no longer within Kodak's possession, custody or control" will not be easily retracted in
2 later pleadings. In any event, DR Systems addresses Kodak's conjured justifications for its refusal
3 to produce additional documents and more importantly its denial that supplementation of its
4 responses by Kodak (as opposed to its attorneys) on a topic by topic basis is warranted.

5 **I. DR SYSTEMS COMPLIED WITH FED.R.CIV.P. 37(A)(2)(A)**

6 During the August 18th teleconference with the Court, DR Systems raised these issues in an
7 attempt to resolve the parties' discovery dispute without motion practice. At that time, Kodak's
8 counsel was unequivocally unwilling to supplement Kodak's written Responses to DR Systems
9 Requests for Documents and Things. Moreover, despite its previous objections to DR Systems'
10 request for the production of documents and things related to the Kodak and Kodak/Carestream
11 medical imaging products, Kodak's counsel indicated that certain documents would be produced if
12 Kodak intended to rely on them in its case in chief. The parties also met and conferred regarding
13 patent prosecution materials that Kodak had in its possession, custody or control (either in-house
14 Patent Department or outside legal counsel) and to what extent custody of such documents had been
15 transferred to other parties. Finally, with respect to any licenses to the '811 patent and the
16 Kodak/Carestream transaction documents, Kodak repeatedly promised to look for documents but
17 made no representation when its review would be complete or if responsive documents, if found,
18 would be produced because it maintained its burdensome and relevance objections.

19 DR Systems eventually received a non-executed and incomplete copy of the
20 Kodak/Carestream "transaction materials" on Monday August 25th, days after its opening
21 memorandum was due to be filed pursuant to the Court's order. Importantly, Kodak has still not
22 produced a single '811 patent license nor has it produced copies of the correspondence sent by
23 Kodak to the '811 patent licensees requesting approval for their production. Moreover, oftentimes
24 licensees refuse to permit such production absent court order on a motion to compel. Thus, DR
25 Systems believes that all of the above issues were ripe for the Court's intervention prior to its filing
26 of the present motion to compel.
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1 **II. MEDICAL IMAGING PRODUCTS**

2 Kodak maintains the charade that it has no access to documents relating to medical imaging
3 products due to the sale of this business to Carestream in June of 2007. Described as merely
4 “transactional materials” which “set forth Carestream’s limited right to display the Kodak brand
5 name on medical imaging products” (Kodak Opposition at page 5), the actual terms of the
6 agreements tell a much different story sufficient control by Kodak over the requested documents and
7 information. Riddell Sports, Inc. v. Brooks, 158 FRD 555, 558 (S.D. NY 1994)(“If the producing
8 party has the legal right of the practical ability to obtain the documents, then it is deemed to have
9 ‘control,’ even if the documents are actually in the possession of a non-party”)(Exhibit C).

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 [REDACTED]

21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

26 [REDACTED]
27 [REDACTED]

28 [REDACTED]

[REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 DR Systems merely requests copies of the materials received by Kodak pursuant to the terms
10 of the aforementioned agreements. Kodak has not provided a reason why either it refuses to produce
11 the documents it is obligated to receive pursuant to the Kodak/Carestream “transaction materials” or
12 why such documents have been destroyed. The relevance of these materials is discussed in Kodak’s
13 opening memorandum.

14 **III. KODAK’S REFUSAL TO SUPPLEMENT IS WRITTEN DISCOVERY RESPONSES**

15 Kodak’s two-faced approach discovery is evidenced in its own attorney argument on page 6
16 of its Opposition Brief where it makes the statement that DR Systems’ requested supplementation is
17 “nonsensical” because documents “no longer exist” and two sentences later states “any and all
18 documents relating to the medical imaging business that was transferred to Carestream went to
19 Carestream.” Kodak flip flops once again that all medical imaging documents “were transferred to
20 Carestream, not ‘destroyed.’”

21 Which is it? Only a supplementation of Kodak’s responses to DR Systems’ Requests for
22 Documents and Things on a topic by topic basis will provide the answer. As stated in its opening
23 memorandum, such supplementation is clearly contemplated by Federal Rule of Civil Procedure 34.

24 **IV. LICENSES TO ‘811 PATENT**

25 To date, DR Systems has yet to receive a single document regarding any licenses to the ‘811
26 patent – including any document evidencing Kodak’s alleged request to licensees for their approval
27 to such production. In typical situations, licensees withhold approval for production absent a court
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1 order requiring such production. Thus, DR Systems respectfully maintains its position on the need
2 for these documents to understand Kodak's perceived value (if any) of the '811 patent.

3 **V. U.S. AND FOREIGN PATENT MATERIALS IN THE '811 FAMILY**

4 Again, Kodak's position is unclear. If Kodak's patent department which handles thousands
5 of patent applications does not maintain copies of documents regarding the prosecution of any U.S.
6 or Foreign patent applications (pending, issued or abandoned) in the '811 patent family, DR Systems
7 requests that Kodak's discovery responses be supplemented to reflect this fact.³ If Kodak maintains
8 such documents or such documents are within their possession, custody or control (i.e., outside
9 patent counsel or transferred to Carestream), it is DR Systems position that such documents should
10 be produced. DR Systems does not have access to related abandoned or pending applications nor
11 are certified file histories – U.S. or foreign – as “readily accessible” to DR Systems as Kodak's
12 Opposition suggests. Moreover, if Kodak already has them in its custody, control or possession, they
13 should be produced. Rather than produce the documents presumably at their fingertips, Kodak
14 erroneously relies on the fact that DR Systems that filed this lawsuit. Kodak ignores the repeated
15 accusations of patent infringement sent to DR Systems prior to DR Systems' declaratory judgment
16 complaint. Kodak also ignores that it is Kodak's patent, Kodak's related patent applications and
17 certain information easily known to Kodak which are at issue in this case.

18 **VI. CONCLUSION**

19 For the reasons set forth above, DR Systems respectfully requests that Kodak be compelled
20 to supplement its Responses and Objections to DR Systems First Set of Document Requests with a
21 statement or explanation of the location of responsive documents for each topic. Moreover, DR
22 Systems requests that Kodak be compelled to produce documents and things regarding 1) licenses to
23 the Kodak '811 patent in suit; 2) medical imaging products regardless of the pre- or post- Carestream
24 transaction; and 3) U.S. and foreign patent prosecution of patent applications which claim priority to
25 the Kodak '811 patent in suit.
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27
28 ³ At that time, DR Systems will then be in the position to depose the appropriate Kodak's witnesses on the
statements made therein.

Respectfully submitted,

/s/Dina M. Hayes

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Certificate of Service

The undersigned hereby certifies that all below counsel of record who are deemed to have consented to electronic service were served the 9th day of September, 2008, with a copy of **DR SYSTEMS, INC.'S REPLY MEMORANDUM IN SUPPORT OF ITS MOTION TO COMPEL SUPPLEMENTAL DISCOVERY RESPONSES FROM EASTMAN KODAK COMPANY** ***REDACTED*** [NON-CONFIDENTIAL VERSION] through ECF:

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